

**Education and Workforce Development Cabinet**

# **New automated Work Opportunity Tax Credit (WOTC) application streamlines process for Kentucky employers**

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FRANKFORT, Ky. — Employers who hire individuals from certain “target” groups can now realize a savings in their federal tax liability more quickly and with less red-tape due to automation of the Kentucky Work Opportunity Tax Credit (WOTC) application and verification process.

The Kentucky Office of Employment and Training (OET) has implemented a new automation process to decrease the length of time between the employers’ application and the issuance of the tax credit certification.

“With increasing stress on businesses during the recent recession, the Commonwealth has moved to this more efficient and real-time process to bolster employment through new job opportunities,” said Beth Brinly, commissioner of the Department of Workforce Investment.

The new system will alleviate two major bottlenecks in the application and verification process: the initial entry of the application and the tedious manual verification process. Up to 65 percent of the requests can now be verified electronically, which increases output by up to 500 percent and reduces the turnaround time from 13 months to less than four months.

The new on-line system also allows employers to create their own user account, apply for the tax credits online, submit applications

online individually or in bulk, print applications, receive notifications, print final determinations, check status of pending cases and check status of their power-of-attorney, thus greatly reducing paperwork and staff time.

The system saves money for both the employer and the state by eliminating postage and delivery costs and the storage of hundreds of thousands of applications. WOTC is a federal tax credit program available to employers who hire employees from targeted groups which have historically had difficulty in finding employment. The tax credit is used to reduce the federal tax liability of private, for-profit employers and is designed to help individuals facing barriers to finding a job move into gainful employment.

For the employers to receive credit, they must hire an individual who meets the criteria of at least one of nine target groups. The target groups include:

- recipients of public assistance such as Temporary Assistance to Needy Families (TANF) and Food Stamps;
- ex-felons;
- residents of an Empowerment Zone, Renewal Community or Rural Renewal County;
- vocational rehabilitation referrals;
- qualified recipients of supplemental security income (SSI); and
- long-term family assistance recipients.

More information is available at

[http://www.oet.ky.gov/des/employer/tax\\_credit.htm](http://www.oet.ky.gov/des/employer/tax_credit.htm)

OET helps individuals prepare for, secure and maintain employment; assists employers in locating and selecting the best qualified workers for their job openings; and provides income maintenance to ease the financial burden on individuals who are out of work through no fault of their own.

The Kentucky Education and Workforce Development Cabinet coordinates learning programs from P-16, and manages and supports training and employment functions in the Department of

Workforce Investment. For more information about services, visit [www.educationcabinet.ky.gov](http://www.educationcabinet.ky.gov) or [www.workforce.ky.gov](http://www.workforce.ky.gov).

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